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TAGS: [PREL](#) [PGOV](#) [PHUM](#) [PARM](#) [MNUC](#) [OVIP](#) [ECON](#) [ETRD](#) [AF](#)
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SUBJECT: PRC:TIRES, XINJIANG, IRAN, TAIWAN, DPRK IN AMB-VFM
HE MEETING

Classified By: Political Minister Counselor Aubrey Carlson. Reason 1.4
(b) and (d).

11. (S) SUMMARY: In a September 8 meeting at the MFA, the Ambassador told Vice Foreign Minister He Yafei that the United States wants to find a way forward on the 421 tire case, but is ready to move on 421 if there is no other option. VFM He was pessimistic that we could reach an agreement, and warned that the consequences for both sides would be severe and would hurt the positive momentum in the relationship. He said this would be a "worst case outcome," but "not the end of the world." On the subject of UN Security Council Resolution 1874 implementation, the Ambassador pushed for an early visit to China by Ambassador Goldberg to discuss implementation, but VFM He argued that October would be the earliest possible time for China. In a discussion of Afghanistan/Pakistan, the Ambassador told VFM He that the United States wants to pursue dialogue with China on Af/Pak and proposed a visit by Chinese officials to Washington to share information and explore solutions. On Xinjiang, VFM He praised the U.S. approach to date and urged "continued U.S. caution" in public statements. The Ambassador raised U.S. concern over the reported plans to raze buildings belonging to Rebiya Kadeer's children. VFM He noted that he briefed the Iranian Ambassador to China on the September 2 P5-plus-1 discussions in Frankfurt, and that the Iranian response was positive. VFM He said cross-Strait relations have made "substantial steps forward" despite the Dalai Lama's visit to Taiwan. He praised U.S. "careful handling" of cross-Strait issues but noted China's concern about potential arms sales, particularly F-16s and Blackhawks. The Ambassador replied that decisions on such issues are driven by U.S. law. They discussed protocol and plans related to the Pittsburgh Summit and the U.S.-China summit meeting scheduled for the margins of the UN General Assembly. End summary.

12. (C) The Ambassador met with VFM He September 8 to discuss the Section 421 tire imports case, the need for urgent coordination on implementation of UN Security Council Resolution 1874, Pakistan and Afghanistan, Xinjiang, Iran, Taiwan and the Pittsburgh Summit.

Tires: "Poison" must be "Managed"

13. (C) The Ambassador's summarized the state-of-play on the 421 tire imports discussions and urged the Chinese to work with us to find a way forward, but made clear Washington would support a move under 421 if there were no other option. In response, VFM He noted that he was pessimistic that the two sides could reach an agreement that would obviate the Section 421 process. He emphasized that the consequences for both sides would be severe and would threaten the political momentum and progress accrued since President Obama had taken office. While acknowledging the domestic constraints on Washington negotiators, he explained that Beijing, too, faced domestic pressure from industry and workers. VFM He suggested that the issue could "explode" and said he could

not predict the domestic reaction in China to a negative 421 decision "at a time when we are working together on other issues." VFM He said that millions of Chinese netizens were already commenting on the case.

¶4. (C) VFM He stated that both sides needed to be prepared to "manage" the reaction to a negative decision, calling it a "worst case outcome," but "not the end of the world." He agreed that the 421 case should not be allowed to halt all cooperation, although it would poison the atmosphere and "tie the hands of the bureaucracy for some time" even though we had pressing issues to work together on. The relationship, he asserted, was too important to allow to be hijacked by any one issue. Speaking of the upcoming bilateral meeting between POTUS and President Hu Jintao, VFM He hoped that 421 would have "gone away" by then.

UNSCR 1874

¶5. (S) The Ambassador noted that the letter the DPRK recently sent to the UN Security Council that stated that "extracted plutonium is being weaponized" and that "experimental uranium enrichment has successfully been conducted to enter into completion phase" added urgency to Ambassador Goldberg's proposed visit to China to discuss the full and transparent implementation of UNSCR 1874. VFM He argued that China was fully committed to implementation and noted that scheduling concerns related to President Hu's upcoming summit meetings in New York made it all but impossible for Ambassador Goldberg to visit China before October.

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Afghanistan/Pakistan

¶6. (C) The Ambassador reiterated to VFM He SRAP Holbrooke's desire to explore creative proposals on Afghanistan/Pakistan in cooperation with China before final decisions had been made. The United States wanted to pursue "thoughtful dialogue" with China on AF/PAK issues. As a first step, we proposed a "full-spectrum, working-level" briefing for Chinese officials to be conducted in October at the State Department, as a prelude to real conversation on future cooperation on a range of issues. VFM He said the MFA was studying the U.S. proposals "and will see what we can do." VFM He asked if the proposed meeting in Washington would be similar to (or in place of) the Assistant Secretary-level subdialogue on South Asia. The Ambassador replied that unlike the subdialogue, the working-level briefing would be two days of comprehensive briefings followed by joint, creative thinking on ways forward. VFM He agreed that South Asia was a very important subregion and required substantive cooperation between the United States and China. China wanted peace and stability in the region; China's interests were substantial, and the stakes were high. He added that when we talked about Afghanistan and Pakistan, we also had to talk about India, an integral part of the region.

Xinjiang

¶7. (C) The Ambassador noted to VFM He that several press reports had stated that the Urumqi government intended to raze buildings belonging to the family of Rebiya Kadeer. The United States government was concerned about this, and the Ambassador noted the increasing interest of the U.S. Congress and public in this issue. VFM He declared that there was "no punishment of Rebiya Kadeer's children just because they were her children." He said that stories to this effect were untrue.

¶8. (C) VFM He told the Ambassador he was "under instructions" to inform the United States that the situation in Xinjiang, with syringe stabbings, demonstrations and arrests, was

"serious." People in Xinjiang were very angry, he said, and the current unrest was actually a continuation of the July 5 unrest. "There are people behind this unrest," VFM He declared, "including separatists who are using animosity of ethnic groups to sow discord." The situation was currently under control, VFM He said. China had noticed "with appreciation" U.S. public comments on the Xinjiang situation, "which demonstrate the maturity of a big nation." China urged the United States to continue that approach and use caution in public statements, to prevent them from being used by enemies of China.

Iran

¶9. (C) Noting that he had just returned from the "E3-plus-3" (aka P5-plus-1) Political Directors' meeting in Frankfurt, VFM He said that the consensus at that meeting had been that we needed to engage more robustly and get Iran to respond. Iran National Security Council Secretary Saeed Jalili had said that Iran would provide a new package proposal. The French and Germans had said that if Iran failed to respond by a certain time, the UN Security Council should impose sanctions. China did not agree with this point and considered negotiation the "way out." VFM He said that he had briefed the Iranian Ambassador to China on this subject, that the response had been positive, and that the Iranian Ambassador had promised to present the main ideas to Tehran. VFM He said he would not prejudge the results of the negotiation, but predicted that the Iranians would give some response.

¶10. (C) The Ambassador asked VFM He if China would accept a nuclear-armed Iran. VFM He said that China did not condone Iran's development of nuclear weapons, a point that had been made sincerely in the UNSC as well as bilaterally with Iran. Iran was entitled to peacefully use nuclear energy, he added.

Taiwan

¶11. (C) Responding to the Ambassador's question on cross-Straits relations, VFM He said that China saw "substantial steps forward," but noted that the principles underlying cross-Straits relations were the same as they had always been. He acknowledged that the Dalai Lama's visit to Taiwan was a problem, and that China was opposed to the invitation, "but we can deal with that separately." He declared that China appreciated the United States'

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"continued, repeated adherence to the one-China policy" and careful handling of cross-Straits issues. Arms sales, of course, were still a problem, he said. "We know you are carrying out the last administration's policies," VFM He said, "but we are still keeping an eye on any potential sale of F-16s or Blackhawks. The Ambassador replied that U.S. decisions on such matters were driven by U.S. law.

POTUS-Hu Bilateral

¶12. (C) VFM He outlined the topics President Hu planned to raise with POTUS in their bilateral in New York City on the margins of the UN General Assembly. High on the list for this meeting would be the joint bilateral efforts to tackle the global financial crisis. Hu also planned to address global climate change, the nuclear summit, Kosovo and the DPRK situation.

Pittsburgh Summit

¶13. (C) Noting that on substance the United States and China saw "eye-to-eye," VFM He focused entirely on protocol points in his discussion of Chinese concerns for the Financial

Leaders' Summit in Pittsburgh. He asked that the summit organizers take into account President Hu's seniority as one of the two longest-serving leaders attending. He noted that at both previous summits Hu had been seated next to the host, and requested similar protocol arrangements for this iteration.

¶14. (C) VFM He also requested that the organizers provide the Chinese side with video of Hu's speech in time for it to air that night on the Chinese prime time news.

HUNTSMAN